

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Redmon Post Office
Redmon, Illinois

Docket No. A2011-92

ORDER AFFIRMING DETERMINATION

(Issued January 20, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly, the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

The Postal Service's Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service's request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On September 27, 2011, Jim Cooper, Mayor of Redmon, Illinois (Petitioner) filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the Redmon, Illinois post office (Redmon post office).² The Final Determination to close the Redmon post office is affirmed.

II. PROCEDURAL HISTORY

On September 29, 2011, the Commission established Docket No. A2011-92 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On October 12, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁵

Petitioner filed an additional argument supporting his Petition.⁶ On December 6, 2011, the Public Representative filed a reply brief.⁷

² Petition for Review received from Jim Cooper, Mayor of Redmon, Illinois, regarding the Redmon, Illinois, post office 61949, September 27, 2011 (Petition). Enclosed with Petitioner's appeal were 41 signed standard form appeals from customers of the Redmon post office.

³ Order No. 884, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 29, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, October 12, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Redmon, Illinois post office and provide delivery and retail services by rural route service under the administrative responsibility of the Paris, Illinois post office (Final Determination).

⁵ United States Postal Service Comments regarding Appeal, November 18, 2011 (Postal Service Comments).

⁶ Supplemental Comments received from Jim Cooper, Petitioner regarding the Redmon, Illinois post office 61949, November 3, 2011 (Petitioner's Supplemental Comments).

⁷ Public Representative's Reply Comments, December 6, 2011 (PR Reply Comments).

III. BACKGROUND

The Redmon post office provides retail postal services and service to 100 post office box or general delivery customers. Final Determination at 2. No delivery customers are served through this post office. The Redmon post office, an EAS-11 level facility, has retail access hours of 8:45 a.m. to 12:30 p.m. and 1:00 p.m. to 4:00 p.m., Monday through Friday, and 8:00 a.m. to 11:00 a.m. on Saturday. Lobby access hours are 5:00 a.m. to 9:00 p.m., Monday through Friday, and 5:00 a.m. to 5:00 p.m. on Saturday. *Id.*

The postmaster position became vacant on May 1, 2010 when the Redmon postmaster retired. A non-career, officer-in-charge (OIC) was installed to operate the post office. Administrative Record, Item 18 at 1. Retail transactions average 4 transactions daily (4 minutes of retail workload). Final Determination at 2. Post office receipts for the last 3 years were \$9,955 in FY 2008; \$9,719 in FY 2009; and \$12,202 in FY 2010. There are no permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$37,630 annually. *Id.* at 7.

After the closure, retail services will be provided by the Paris post office located approximately 9 miles away.⁸ *Id.* at 2. Delivery service will be provided by rural carrier through the Paris post office. The Paris post office is an EAS-20 level post office, with retail hours of 8:30 a.m. to 11:30 a.m. and 12:30 p.m. to 4:30 p.m., Monday through Friday, and 8:30 a.m. to 12:00 p.m. on Saturday. There are 257 post office boxes available. *Id.*

Retail service is also available at the Brocton post office, an EAS-11 level post office, located 6 miles away.⁹ Window service hours at the Brocton post office are 9:00 a.m. to 12:00 p.m. and 12:30 p.m. to 3:15 p.m., Monday through Friday, and 9:15 a.m. to 11:15 a.m. on Saturday. There are 84 post office boxes available for rent.

⁸ MapQuest estimates the driving distance between the Redmon and Paris post offices to be approximately 10.69 miles (15 minutes driving time).

⁹ MapQuest estimates the driving distance between the Redmon and Brocton post offices to be approximately 9.46 miles (13 minutes driving time).

Id. The Postal Service will continue to use the Redmon name and ZIP Code. *Id.* at 3, Concern No. 5.

IV. PARTICIPANT PLEADINGS

Petitioner. Petitioner opposes the closure of the Redmon post office. Petitioner argues that, according to postal regulations, customers should not be forced to have rural delivery instead of post offices. Petition at 1. Petitioner suggests that the Postal Service keep the Redmon post office open for 4 hours a day, which would maintain retail service and cut expenses in half. *Id.* at 2. He adds, that in order to enhance revenue, current holders of “no fee” boxes begin paying fees. He further suggests that the current OIC, who lives near the Paris post office, could pick up the mail there and drive it to Redmon each day. *Id.* at 4. Finally, Petitioner states that the Postal Service is not listening to the community. As an example, he notes that Redmon customers are encouraged to go to the Brocton post office (scheduled for closure) for retail services, and Brocton customers are encouraged to go to the Redmon post office (in the closure appeal process). *Id.* at 5.

Petitioner’s supplemental comments expand on his arguments. He argues that by regulation, the Postal Service is required to provide a maximum degree of effective service to rural areas, and that the proposed rural carrier service will not provide this. Petitioner’s Supplemental Comments at 1. He also questions the Postal Service’s analysis of savings. *Id.* at 1-4, 7. Petitioner also argues that no small post office can be closed solely for operating at a deficit. *Id.* at 5.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Redmon post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Redmon community; and (3) the economic savings expected to result from discontinuing the Redmon post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration

and concludes that the determination to discontinue the Redmon post office should be affirmed. *Id.* at 20.

The Postal Service explains that its decision to close the Redmon post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Redmon community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioner regarding the effect on postal services, the effect on the Redmon community, economic savings, and the effect on postal employees. *Id.* at 4.

The Postal Service specifically responded to two of Petitioner's suggestions, noting that the suggestions were not raised prior to the issuance of the Proposal or Final Determination. Postal Service Comments at 8. The Postal Service also states that reducing the hours of the Redmon post office would not fully address the inefficiency of continuing to operate the post office. *Id.* at 9. The Postal Service states that changing the "no fee" boxes to paid rentals is not feasible on a national level. *Id.* at 10.

Public Representative. The Public Representative raises several concerns about the Administrative Record, including the availability of the Brocton post office as an alternative, the sufficiency of the Postal Service's justification as to why the Redmon

post office was slated for discontinuance, and that service to be provided to the Redmon community was not clearly defined. The failure of the latter, in particular, leads the Public Representative to conclude that the Postal Service's "closing 'plan' is not complete" (*id.* at 12) and may warrant a remand.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The Administrative Record indicates the Postal Service took the following steps in reaching its Final Determination. On April 25, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Redmon post office. Final Determination at 2. A total of 110 questionnaires were distributed and 54 were returned. On May 6, 2011, the Postal Service held a community meeting at the Redmon post office to address customer concerns. Twenty-two (22) customers attended. *Id.*

The Postal Service posted the proposal to close the Redmon post office with an invitation for comments at the Redmon, Paris, and Brocton post offices from May 20, 2011 through July 21, 2011. *Id.* at 2. The Final Determination was posted at the same three post offices from August 23, 2011 through September 24, 2011. *Id.* at 1.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A). The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

Effect on the community. Redmon, Illinois is an incorporated community located in Edgar County, Illinois. Final Determination at 5. The community is administered politically by the Redmon Village Board. Police protection is provided by the Edgar County Sheriff's Department. Fire protection is provided by the Redmon Fire Department. The community is comprised of retirees, farmers, those who commute to work at nearby communities, and those who may work in local businesses. *Id.* Residents may travel to nearby communities for other supplies and services. See *generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Redmon community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Redmon post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 5-6.

Petitioner contends that the Postal Service is not listening to the local communities and is providing contradictory information about retail alternatives, and notes that the Brocton post office is on the closure list. Petition at 5. The Postal Service responds that there has been no final decision to close the Brocton post office and that Redmon customers will have an opportunity to comment on the closing before a final determination is made. Postal Service Comments at 8.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Redmon postmaster retired on May 1, 2010, and that a non-career OIC has operated the Redmon post office since. Administrative Record, Item 18 at 1; see *also* Final Determination at 7. The Postal Service asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. Postal Service Comments at 19.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Redmon post office, as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Redmon customers. *Id.* at 6. It asserts that customers of the closed Redmon post office may obtain retail services at the Paris post office located 9 miles away or the Brocton post office located 6 miles away. Final Determination at 2. Delivery service will be provided by rural

carrier through the Paris post office. *Id.* The Redmon post office box customers may obtain Post Office Box service at the Paris post office, which has 257 boxes available or the Brocton post office, which has 84 post office boxes. *Id.*

For customers choosing not to travel to the Paris or Brocton post offices, the Postal Service explains that retail services will be available from the carrier. *Id.* at 4, Concern No. 15. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Petitioner argues that many of the Redmon streets are not designed to handle rural boxes and that placing boxes on the main road is dangerous. Petitioner's Supplemental Comments at 4. Petitioner states that customers do not like cluster box units (CBUs) due to problems with safety, security, and vandalism. The Postal Service responds that the safety of customer access is routinely considered in connection with evaluating curbside delivery options. Postal Service Comments at 12. The Postal Services notes that CBUs provide the security of locked mail compartments, and that there have been no reports of theft or vandalism in the area. *Id.* In any event, the Postal Service has not determined whether Redmon customers will have CBUs or individual rural mailboxes. If problems arise with either of these options, customers should report those problems to the Postal Service so they can be addressed. *Id.* at 13.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$37,360. Final Determination at 7. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$6,100), minus the cost of replacement service (\$12,749). *Id.*

Petitioner argues that the Postal Service savings are overstated. First, he asserts that the OIC salary is lower than the postmaster salary and does not include benefits. Petition at 3.

The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The

Redmon post office postmaster retired on May 1, 2010. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Redmon post office has been staffed by an OIC for over a year, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Secondly, Petitioner argues that rural delivery would be more expensive than maintaining the Redmon post office. Petition at 4, Petitioner's Supplemental Comments at 7-8. The Postal Service maintains that rural carrier service would cost the Postal Service substantially less than maintaining the Redmon post office. Postal Service Comments at 15. Specifically, the Postal Service argues that Petitioner's calculations include assumptions and figures that are not supported in the Administrative Record. Postal Service Comments at 16-17.

Finally, Petitioner argues that the Postal Service overall will save very little by closing rural post offices. Petition at 1. The Postal Service responds that though the savings from any given initiative may be small, these savings can make a difference when added together. Postal Service Comments at 16.

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Section 101(b) prohibits closing any small post office solely for operating at a deficit. Petitioner alleges that the Postal Service is closing the Redmon post office solely for economic reasons. Petitioner's Supplemental Comments at 4, ¶ 9.

The Commission does recognize that economics may play a role in the Postal Service's decision. However, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering

workload at the Redmon post office (low revenues and averaging only four retail transactions per day), the Postal Service took into account other factors such as the postmaster vacancy, the minimal impact on the community, and expected financial savings. In addition, it considered the alternate delivery and retail options available to customers. Final Determination at 8.

The Postal Service did not violate the prohibition in section 101(b) on closing the Redmon post office solely for operating at a deficit.

VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Redmon post office is affirmed.

It is ordered:

The Postal Service's determination to close the Redmon, Illinois post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Redmon post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on May 1, 2010. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time position.

Also, the Postal Service already claims billions of dollars in savings from reducing labor costs. The savings from substituting OICs in postmaster positions throughout the nation has already been included in those billions. Counting the savings of a full postmaster salary is in effect double counting. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Redmon Mayor Jim Cooper, filing as Petitioner, offers a detailed written presentation. In his filing, Mayor Cooper suggests the financial calculations of the Postal Service do not reflect actual savings, and that the Postal Service did not adequately consider the option of part-time service at the existing post office location. The Public Representative reiterates these points in her reply comments. I find these

concerns about the accuracy of the financial calculations persuasive. The Postal Service argues in its comments that the idea of part-time service was raised by customers only after the issuance of the Proposal or Final Determination. However, customers in many post office appeals have suggested the possibility of a part-time post office, which would be an obvious service alternative that the Postal Service should consider, but does not seem to have fully considered in this instance.

Petitioner also points out that the Brocton post office, identified by the Postal Service as a key alternative service site, is itself a candidate for closure. Petitioner mentions four post offices that can serve as alternatives for the Redmon post office: Brocton, Hume, Newman, and Metcalf. Three of those post offices, Brocton, Hume, and Metcalf, are on the list of potential closures in RAOI Category 1 (low work hours).

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium.

The citizens of Redmon, Illinois and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The current lease does not terminate until April 30, 2016, and does not have a 30-day termination clause.¹⁰ The Postal Service should note that any savings from the lease will not be realized for at least four years.

In addition, the Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since May 2010, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Redmon post office is unsupported by evidence on the Administrative Record and thus, should be remanded.

Nanci E. Langley

¹⁰ See Participant Brief of Jim Cooper, Mayor, Exhibit 4, November 3, 2011 (lease agreement expires on April 30, 2016). The agreement indicates that the existing lease has no amendment and in all other respects, the lease shall remain the same and is hereby confirmed.